

SUPERSEDED Local Coverage Article for Oxygen and Oxygen Equipment - Policy Article - Effective January 2011 (A33750)

[SUPERSEDED]

Please note: This version is not currently in effect.

Contractor Information

Contractor Name

[CGS Administrators, LLC opens in new window](#)

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Contractor Number

18003

Contractor Type

DME MAC

Article Information

General Information

[SUPERSEDED]

Article ID Number

A33750

Article Type

Article

Key Article

Yes

Article Title

Oxygen and Oxygen Equipment - Policy Article - Effective January 2011

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Original Article Effective Date
07/02/2005

Article Revision Effective Date
08/05/2011

Article Revision Ending Date
09/30/2011

Article Text
NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES

For any item to be covered by Medicare, it must 1) be eligible for a defined Medicare benefit category, 2) be reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member, and 3) meet all other applicable Medicare statutory and regulatory requirements. Information provided in this policy article relates to determinations other than those based on Social Security Act §1862(a)(1)(A) provisions (i.e. "reasonable and necessary").

Oxygen and oxygen equipment is covered under the Durable Medical Equipment benefit. In order for a beneficiary's equipment to be eligible for reimbursement the reasonable and necessary (R&N) requirements set out in the related Local Coverage Determination must be met. In addition, there are specific statutory payment policy requirements, discussed below, that also must be met.

REASONABLE USEFUL LIFETIME (RUL):

The reasonable useful lifetime for oxygen equipment is 5 years. The RUL is not based on the chronological age of the equipment. It starts on the initial date of service and runs for 5 years from that date.

RUL also does not take into account exchanges of equipment, new suppliers, or changes of modality (concentrator, gaseous, liquid).

OXYGEN EQUIPMENT:

Initial 36 months

Reimbursement for oxygen equipment is limited to 36 monthly rental payments. Payment for accessories (e.g., cannula, tubing, etc.), delivery, back-up equipment, maintenance, and repairs is included in the rental allowance. Payment for oxygen contents (stationary and/or portable) is included in the allowance for stationary equipment (E0424, E0439, E1390, E1391).

Payment for stationary equipment is increased for patients requiring greater than 4 liters per minute (LPM) of oxygen flow and decreased for patients requiring less than 1 LPM. If a patient qualifies for additional payment for greater than 4 LPM of oxygen and also meets the requirements for portable oxygen, payment will be made for the stationary system at the higher allowance, but not for the portable system. In this situation, if both a stationary system and a portable system are billed for the same rental month, the portable oxygen system will be denied as not separately payable.

The supplier who provides oxygen equipment for the first month must continue to provide any necessary oxygen equipment and all related items and services through the 36-month rental period, unless one of the following exceptions is met:

- Beneficiary relocates temporarily or permanently outside of the supplier's service area
- Beneficiary elects to obtain oxygen from a different supplier
- Individual case exceptions made by CMS or DME MAC
- Item becomes subject to competitive bidding

Providing different oxygen equipment/modalities (e.g., concentrator [stationary or portable], gaseous, liquid, transfilling equipment) is not permitted unless one of the following requirements is met:

- Supplier replaces the equipment with the same or equivalent item
- Physician orders different equipment
- Beneficiary chooses to receive an upgrade and signs an Advance Beneficiary Notice of Noncoverage (ABN)
- CMS or the DME MAC determines that a change in equipment is warranted

A new 36-month rental period can begin only in the following situations:

- Specific incident of damage beyond repair (e.g., dropped and broken, fire, flood, etc.) or the item is stolen or lost
- Break-in-need for at least 60 days plus the days remaining in the month of discontinuation and new medical necessity is established (see "BREAK-IN-SERVICE" below)

A new 36-month rental period does not start in the following situations:

- Replacing equipment due to malfunction, wear and tear, routine maintenance, repair
- Providing different equipment based on a physician order or beneficiary request for an upgrade
- Break-in-need less than 60 days plus the days remaining in the month of discontinuation (see "BREAK-IN-SERVICE" below)
- Break-in-billing (see "BREAK-IN-SERVICE" below)
- Changing suppliers

Months 37-60

There is no further payment for oxygen equipment during the 5-year reasonable useful lifetime (RUL) of the equipment after 36 rental payments have been made. If use of portable equipment (E0431, E0434, E1392, K0738, E0433) begins after the use of stationary equipment begins, payment for the portable equipment can continue after payment for the stationary equipment ends until 36 rental payments have been made for the portable equipment.

For information on payment for contents and maintenance, see separate sections below.

The supplier who provided the equipment during the 36th rental month is required to continue to provide the equipment, accessories, contents (if applicable), maintenance, and repair of the oxygen equipment during the 5 year reasonable useful lifetime of the equipment.

Rules for providing different equipment/modalities are the same in months 37-60 as they are in the initial 36 months (see above).

A new 36-month rental period can begin only in the following situation:

- There is a specific incident of damage beyond repair (e.g., dropped and broken, fire, flood, etc.) or the item is stolen or lost

A new 36-month rental period does not start in the following situations:

- Replacing equipment due to malfunction, wear and tear, routine maintenance, repair
- Providing different equipment based on a physician order or beneficiary request for an upgrade
- Break-in-need (see "BREAK-IN-SERVICE" below)
- Break-in-billing (see "BREAK-IN-SERVICE" below)
- Changing suppliers

Months 61 and after

At any time after the end of the 5-year reasonable useful lifetime for oxygen equipment, the beneficiary may elect to receive new equipment, thus beginning a new 36-month rental period.

If the beneficiary elects not to receive new equipment after the end of the 5-year reasonable useful lifetime and if the supplier retains title to the equipment, all elements of the payment policy for months 37-60 remain in effect. There is no separate payment for accessories or repairs. If the patient was using gaseous or liquid oxygen equipment during the 36th rental month, payment can continue to be made for oxygen contents.

If the beneficiary elects not to receive new equipment after the end of the 5-year reasonable useful lifetime and if the supplier transfers title of the equipment to the beneficiary, accessories, maintenance, and repairs are statutorily noncovered by Medicare. Contents are separately payable for patient-owned gaseous or liquid systems.

If a beneficiary enters Medicare FFS with patient-owned equipment, accessories, maintenance, and repairs are statutorily noncovered by Medicare. Contents are separately payable for patient-owned gaseous or liquid systems.

OXYGEN CONTENTS:

Payment for stationary and portable contents is included in the fee schedule allowance for stationary equipment. No payment can be made for oxygen contents in a month in which payment is made for stationary equipment.

If the patient was using stationary gaseous or liquid oxygen equipment during the 36th rental month, payment for stationary contents (E0441 or E0442) begins when the rental period for the stationary equipment ends.

If the patient was using portable gaseous or liquid equipment during the 36th rental month of stationary equipment (gaseous, liquid, or concentrator), payment for portable contents (E0443 or E0444) begins when the rental period for the stationary equipment ends. If the patient began using portable gaseous or liquid equipment after starting on stationary equipment, payment for the portable equipment would continue until the end of the 36-month rental period for that equipment even though payment was also being made for the portable contents.

If the patient is using only portable gaseous or liquid equipment and not stationary equipment during months 1 through 36 of the portable equipment rental, payment for portable contents begins when the rental period for the portable equipment begins. If stationary equipment is subsequently added, separate payment for portable contents ends because payment for contents is included in the payment for stationary equipment.

If the patient was not using gaseous or liquid equipment (stationary or portable) in the 36th month, but was subsequently switched to gaseous or liquid oxygen based on a physician order, contents may be paid.

If the patient has a stationary concentrator, portable liquid equipment, and a stationary liquid tank to fill the portable cylinders, when payment for contents begins, payment will only be made for portable liquid contents.

Suppliers must provide whatever quantity of oxygen contents are needed for a patient's activities both inside and outside the home.

A maximum of 3 months of oxygen contents may be delivered at any one time. (Refer to Billing Information section [below] for additional information concerning billing oxygen contents.)

There is no difference in payment for oxygen contents for beneficiaries receiving more than 4 LPM or less than 1 LPM.

MAINTENANCE OF EQUIPMENT:

Initial 36 months

There is no separate payment for maintenance and servicing (M&S).

Months 37 through 60

If a patient was using a stationary concentrator, portable concentrator, or transfilling equipment during the 36th rental month, Medicare will pay for a M&S visit no more often than every 6 months, beginning no sooner than 6 months following the end of the rental period. If the equipment is covered under a warranty that covers labor related to routine/general maintenance and servicing (e.g., inspection, changing filters, cleaning, and calibration), payment for the first M&S visit can be no sooner than 6 months following the end of that warranty.

A supplier must actually make a visit to bill the service. If multiple M&S visits are made during a 6 month period, only one will be paid.

There is no M&S payment for gaseous or liquid equipment.

Month 61 and after

If the beneficiary elects not to replace a concentrator or transfilling equipment and if the supplier retains title to the equipment, coverage for M&S is the same as in months 37-60.

If the beneficiary elects not to replace a concentrator or transfilling equipment and if the supplier transfers title to the beneficiary, M&S is statutorily noncovered.

OXYGEN ACCESSORIES:

Accessories, including but not limited to, transtracheal catheters (A4608), cannulas (A4615), tubing (A4616), mouthpieces (A4617), face tent (A4619), masks (A4620, A7525), oxygen conserving devices (A9900), oxygen tent (E0455), humidifiers (E0555), nebulizer for humidification (E0580), regulators (E1353), and stand/rack (E1355) are included in the allowance for rented oxygen equipment. The supplier must provide any accessory ordered by the physician. Accessories used with patient-owned oxygen equipment will be denied as noncovered.

RELOCATION and TRAVEL:

Months 1 through 36

If the beneficiary relocates outside the supplier's service area (either short-term travel, extended temporary relocation, or permanent relocation), then for the remainder of the rental month for which it billed, the home supplier is required to provide the equipment and related items/service itself or make arrangements with a different supplier to provide the equipment, items, and services. For subsequent rental months that the beneficiary is outside the service area, the home supplier is encouraged to either provide the equipment and related items/services itself or assist the beneficiary in finding another supplier in the new location. The home supplier may not bill for or be reimbursed by Medicare if it is not providing oxygen equipment or has not made arrangements with a different supplier to provide the equipment on the anniversary billing date. Medicare will pay only one supplier to provide oxygen during any one-rental month.

Months 37 through 60

If the beneficiary relocates outside the supplier's service area (either short-term travel, extended temporary relocation, or permanent relocation), the home supplier is required to either provide the equipment and related items/services itself or make arrangements with a different supplier to provide the equipment and related items/services.

Miscellaneous

Oxygen services furnished by an airline to a beneficiary are noncovered. Payment for oxygen furnished by an airline is the responsibility of the beneficiary and not the responsibility of the supplier.

Medicare does not cover items or services provided/used outside the United States and its territories. The supplier is not required to provide or arrange for oxygen use in those situations.

BREAK-IN-SERVICE:

- Break-in-billing/Part B payment without break-in-medical necessity
 - If patient enters hospital or SNF or joins Medicare HMO and continues to need/use oxygen, when patient returns home or rejoins Medicare FFS, payment resumes where it left off
- Break-in-medical necessity (break-in-need)

- If need/use of oxygen ends for less than 60 days plus the remainder of the rental month of discontinuation and then resumes, payment resumes where it left off
- During the 36-month rental period, if need/use of oxygen ends for more than 60 days plus the remainder of the rental month of discontinuation and new medical necessity is established, a new 36 month rental period would begin
- During months 37-60, if need/use of oxygen ends for more than 60 days plus the remainder of the rental month of discontinuation and new medical necessity is established, a new rental period does not begin. The supplier who provided the oxygen equipment during the 36th rental month must provide all necessary items and services for the duration of the reasonable useful lifetime.

MISCELLANEOUS:

Only rented oxygen equipment is eligible for coverage. Purchased oxygen equipment is statutorily noncovered.

Oximeters (E0445) and replacement probes (A4606) will be denied as noncovered because they are monitoring devices that provide information to physicians to assist in managing the patient's treatment.

Respiratory therapist services are noncovered under the DME benefit.

CODING GUIDELINES

The appropriate modifier must be used if the prescribed flow rate is less than 1 LPM (QE) or greater than 4 LPM (QF or QG). These modifiers may only be used with stationary gaseous (E0424) or liquid (E0439) systems or with an oxygen concentrator (E1390, E1391). They must not be used with codes for portable systems or oxygen contents.

Code E1391 (Oxygen concentrator, dual delivery port) is used in situations in which two beneficiaries are both using the same concentrator. In this situation, this code should only be billed for one of the beneficiaries.

Codes E1405 and E1406 (oxygen and water vapor enriching systems) may only be used for products for which a written coding verification has been received from the Pricing, Data Analysis, and Coding (PDAC).

Code E1392 describes an oxygen concentrator which is designed to be portable, is capable of delivering 85% or greater oxygen concentration, and is capable of operating on either AC or DC (e.g., auto accessory outlet) power. Code E1392 includes the device itself, an integrated battery or patient-replaceable batteries that are capable of providing at least 2 hours of remote portability at a minimum of 2 LPM equivalency, a battery charger, an AC power adapter, a DC power adapter, and a carry bag and/or cart. The combined weight of the concentrator and the battery/batteries capable of 2 hours of portability must be 20 pounds or less. If a concentrator meets all of these criteria and is also capable of functioning as a stationary concentrator, operating 24 hours per day, 7 days per week, the stationary concentrator code (E1390) is billed in addition to code E1392.

Code K0738 describes a feature of an oxygen concentrator that allows the beneficiary to fill portable gaseous oxygen cylinders from a stationary concentrator. This feature may be integrated into the stationary concentrator or be a separate component. When code K0738 is billed, code E0431 (portable gaseous oxygen system, rental) must not be used.

Code E0433 describes a feature of an oxygen concentrator that allows the beneficiary to fill portable liquid oxygen cylinders from a stationary concentrator. This feature may be integrated into the stationary concentrator or be a separate component. When code E0433 is billed, code E0434 (portable liquid oxygen system, rental) must not be used.

When oxygen is supplied as part of a CMS approved clinical trial for cluster headaches, equipment must be coded using E1399 (durable medical equipment, miscellaneous).

Suppliers should contact the PDAC contractor for guidance on the correct coding of these items.

BILLING INFORMATION

When billing oxygen contents (refer to the Policy Article, Non-Medical Necessity Coverage and Payment Rules section), suppliers should use a date of service (DOS) that is the anniversary date of the equipment whose rental period has ended. The billed DOS will usually not be the actual delivery date. The supplier must have a delivery slip for the actual delivery date.

A supplier does not have to deliver contents every month in order to bill every month. In order to bill for contents, the supplier must have previously delivered quantities of oxygen that are expected to be sufficient to last for one month following the DOS on the claim. Suppliers should monitor usage of contents. Billing may continue on a monthly basis as long as sufficient supplies remain to last for one month as previously described. If there are insufficient contents to be able to last for a month additional contents should be provided.

Suppliers may bill a flat rate for contents each month. The submitted charges do not have to vary with the quantity of tanks delivered.

Claims for oxygen contents and/or oxygen accessories should not be submitted in situations in which they are not separately payable.

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Coding Information

No Coding Information has been entered in this section of the article.

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Other Information

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Revision History Explanation

Revision Effective Date: 01/01/2011

NONMEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Added: Preamble and coverage benefit statement

CODING GUIDELINES:

Added: Coding instructions for equipment used in a cluster headache clinical trial (CR7235)

BILLING INFORMATION:

Clarified: Monthly billing for contents

Revision Effective Date: 07/01/2010

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Revised: Coverage for maintenance and servicing, months 37-60.

Revision Effective Date: 01/01/2010

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Revised: Coverage for maintenance and servicing, months 37-60

CODING GUIDELINES:

Deleted: Instructions for codes E0441-E0444

Added: E0433

Revision Effective Date: 01/01/2009 (June Revision)

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Updated: Entire section to account for new oxygen payment policy

CODING GUIDELINES:

Revised: Billing instructions for oxygen contents

Changed: SADMERC reference to PDAC

BILLING INFORMATION:

Created: New section for billing instructions.

Added: Instructions on billing for oxygen contents

Moved: Statement about not separately payable items to this section

3/1/2008- In accordance with Section 911 of the Medicare Modernization Act, this policy was transitioned to DME MAC CIGNA Government Services (18003) Article A33750 from DME PSC TrustSolutions (77012) Article A33750

Revision Effective Date: 06/01/2007

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Revised statements concerning separate payment for portable contents

06/01/2007 - In accordance with Section 911 of the Medicare Modernization Act of 2003, Virginia and West Virginia were transitioned from DME PSC TriCenturion (77011) to DME PSC TrustSolutions (77012)

Revision Effective Date: 01/01/2007

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Added: Statement about noncoverage of respiratory therapist services

CODING GUIDELINES:

Revised: Definition of a portable oxygen concentrator

Added: Guidelines for code K0738

Revised: Billing instructions for oxygen contents

03/01/2006 - In accordance with Section 911 of the Medicare Modernization Act of 2003, this article was transitioned to DME PSC TrustSolutions (77012) from DMERC Palmetto GBA (00885)

Revision Effective Date: 01/01/2006

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Updated: Section with HCPCS code changes

CODING GUIDELINES:

Updated: Section with HCPCS code changes

Revision Effective Date: 07/01/2005

LMRP converted to LCD and Policy Article

NON-MEDICAL NECESSITY COVERAGE AND PAYMENT RULES:

Added: A4619 and E0455 to the list of oxygen accessories

Revised: Denial reason for purchased oxygen systems

CODING GUIDELINES:

Added: Definition of portable oxygen concentrator system

Added: Guidelines for E1405 and E1406

08/05/2011 - The Jurisdiction C contractor adopted a new business name. This LCD revision only includes the change from CIGNA Government Services to CGS Administrators, LLC. No coverage information was included in this revision and no provider action is needed regarding this revision.

Related Document(s)

LCD(s)

[L11446 - Oxygen and Oxygen Equipment opens in new window](#)

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All Versions

[Updated on 08/19/2011 with effective dates 10/01/2011 - N/A](#)

[Updated on 08/04/2011 with effective dates 08/05/2011 - N/A](#)

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